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REPORT OF THE TECHNICAL MEETING ON THE ITC 1990 PROGRAMME EVALUATION AND ON ITC'S MEDIUM-TERM PLAN (MTP) FOR 1992-1997 (Geneva, 28-30 January 1991)

1. The meeting was convened to consider the *Report on the Evaluation of the ITC Programme Element Product and Market Development Activities* (ITC/AG(XXIV)/123) and the *Interim Report on the Refinement of MTP Priorities* (ITC/TM(91)/CRP/1) and to make recommendations on these reports to JAG.

2. The meeting was attended by 92 representatives of developed and developing countries. It was chaired by Ms R. Flint (Switzerland). Mr L.P. Douglas Pemasiri (Sri Lanka) was the Vice-Chairman/Rapporteur.

Programme evaluation

3. The meeting took note of a written statement from the United Nations Development Programme (UNDP) which commended the evaluators for their analysis of how ITC provided technical assistance under the programme element and for identifying ITC's institutional constraints. However, UNDP expressed dissatisfaction over the report's failure to specify what progress had been achieved towards attaining the subprogramme's objectives and towards dealing with the points raised under the heading "Problems addressed" in the MTP. Nor did the report indicate results achieved under individual projects. Some concern was expressed about the lack of effective action to follow up the achievements of some projects, a deficiency which the consultants noted in para. 49 of their report.

4. Concerning the reported imbalance in the allocation of resources to programming activities on the one hand and to project implementation on the other (para. 36), the secretariat pointed out that a clearly identified and well-designed project was a prerequisite for success and that financing could only be

secured when detailed justification was provided. In the complex and changing international trade environment, designing a well-targeted project required considerable time, making the allocation of substantial resources to programming unavoidable.

5. The lack of the human resources required to ensure the promptness and quality of project implementation had become even more evident in 1990, when ITC registered another substantial increase in its delivery. In this connection, the meeting stressed that ITC should endeavour to concentrate its technical assistance on priority areas where it had the required specialization and comparative advantages.

6. The meeting acknowledged the valuable comments of the report on the reasons for over-ambitious project objectives (para. 35). In addition, it noted that some recipient governments were highly demanding and over-optimistic as to both their own ability to provide counterpart inputs and the prospects for subsequent project extensions.

7. Some representatives expressed concern about the evaluators' observation (para. 37) that counterpart organizations seemed to have participated only to a small extent in project formulation. A clarification was made by both the evaluators and the secretariat that the objectives and concept of a project were always discussed with the recipient government. While finalizing project documents at ITC headquarters following guidelines that differed according to the source of financing, it was not ITC's intention to ignore the views expressed by recipient governments. Project documents for inter-country projects were formulated by ITC on the basis of a cross-section of the interests of both the donors and the developing countries concerned. Consultation on project design with all potential participating developing countries was therefore not always necessary.

8. The assignment of chief technical advisers (CTAs) to ITC projects (paras. 50 and 68 (e)) was extensively discussed at the meeting. Concern was expressed over the high costs of these advisers and the risk that their involvement in administrative and co-ordination functions would be to the detriment of the technical inputs that the project might require as a priority. The evaluators, while reiterating the validity of the observations and recommendations of their report, acknowledged that a link often existed between effective project implementation and the assignment of a CTA. The secretariat stated that CTAs co-ordinated project inputs in the absence of a strong counterpart agency and assisted in specifying the terms of reference and activities of specialized consultants. The secretariat also indicated that, even in the case of small projects, it was at government request that senior resident advisers were sometimes put at the disposal of high-level officials to deal with general trade development and promotion. In all circumstances, ITC and the recipient governments insisted that the CTAs had to be technically competent in the projects' main areas of coverage and would thus themselves contribute to the transfer of technology anticipated under those projects.

9. The meeting devoted considerable attention to the implementation of ITC's enterprise-oriented approach. The meeting supported the continuation of direct assistance to selected enterprises in both export promotion and the improvement of product quality and technology. However, it noted that in some cases, particularly in regard to production and related matters, such assistance could fall beyond ITC's terms of reference and would require the technical involvement of other United Nations agencies. What was important in these cases was that ITC should ensure the provision of integrated assistance in response to the identified needs of the enterprises selected. The secretariat confirmed that relevant United Nations agencies, such as FAO and UNIDO were indeed called upon whenever necessary to join the ITC team of consultants.

10. The limitations to the applicability of this approach under the existing procedures and channels of communication in the United Nations system were mentioned. However, it was felt that with adequate long-term planning and multi-year resources, such difficulties could be overcome. Flexibility was

essential to ensuring a good response to changing conditions in project execution. For all parties involved in the project, efficient communication facilities and simplified procedures should also be developed.

11. While recognizing that this approach had a demonstration effect, the meeting stressed the need for ensuring that it had an impact on entire sectors at the national and international level. To obtain this impact, enterprise-oriented projects should allow for the wide dissemination of all technical and market information of a non-confidential nature that might become available in the course of implementation.

12. The meeting noted that the enterprise-oriented approach was being applied selectively and that only a limited number of projects meeting all established requirements and criteria had so far been developed and implemented. At the same time, the traditional sectoral approach, with trade promotion organizations as counterparts, was not being neglected. In most enterprise-oriented projects, quantitative indicators of performance had been built into the project design and objectives were being reached. Support for this type of project was expressed by representatives of both recipient and donor countries. The secretariat announced the setting-up of a focal point in ITC to ensure adequate project definition and implementation in this area, as well as close collaboration with counterpart enterprises and agencies in developing countries.

13. ITC was well aware of the need to be better informed about major developments on export markets, including the emergence of new markets and new competitors (para. 65). Some delegations suggested that care should be taken to examine the most economic alternatives to opening subsidiary offices in major markets outside Europe and welcomed the secretariat's advice that it was considering alternative formulae, including the use of permanent correspondents in these markets to act on specific requests.

14. On the issue of whether to focus on traditional or on non-traditional markets, the secretariat stated that ITC had to take into account the priorities of the recipient countries themselves. It was noted that, in the context of a short-term strategy, project activities oriented towards the traditional markets accounting for the bulk of a country's exports could generate substantial foreign exchange returns as a result of a small increase in exports. By contrast, the project inputs required in regard to non-traditional markets would have a much smaller impact on the value of exports. Priorities were generally established in consultation with the government concerned through programming missions aimed at identifying promising sectors, products and enterprises. Parallel analysis of the world trade environment led to the selection of specific market segments for individual products.

15. In regard to commodities, ITC was concentrating on the 18 commodities covered by the UNCTAD Integrated Programme for Commodities (IPC) and the Common Fund for Commodities. In addition, ITC handled a number of products with high export potential in a large number of developing countries and which were facing problems similar to those of the IPC commodities. These products included pepper, spices, silk, and hides and skins.

16. A representative stated that the report paid insufficient attention to the removal of the logistical obstacles to the export trade. The secretariat pointed out that transport matters as such did not fall within ITC's mandate. However, in view of the growing problems in this area, ITC had initiated activities on international physical distribution (IPD). These consisted mainly of analyses, by product and by market, of the IPD obstacles to the export trade with respect to costing, timing and quality of services. The activities had so far dealt only with Latin America, but expansion to Africa and Asia was envisaged.

17. As regards the impact of projects and the definition of criteria for measurable results, the secretariat indicated that such criteria were being increasingly specified in project documents, facilitating evaluation at different stages of project execution and after project completion. The

secretariat also stated that as a result of the introduction in 1987 of a programme self-evaluation within the United Nations system, success criteria would have to be established at programme element level. Thus, programme evaluations were to be integrated into the programme planning and implementation process within the framework of the MTP.

18. The meeting was particularly concerned about the sustainability of project results (paras. 53-54). The secretariat indicated that, in accordance with new UNDP procedures, this matter would be given particular attention at the project design stage during discussions with recipient governments on how sustainability could be ensured. In this connection, the importance of setting an adequate time frame for project implementation was emphasized. The meeting stressed once again the need for designing multi-year projects and for obtaining the firm commitment of each party concerned to the implementation of such projects.

19. There were differing views on the issue of sustainability in regard to training (para. 54). The frequent redeployment of trained staff was regrettable. This was sometimes due to institutional weaknesses and the rapid changes taking place in developing countries rather than to a lack of commitment in recipients of technical assistance. However, the meeting noted that while financial investment in developing human resources was not always totally wasted when trained personnel moved to other services, this investment could be considered lost in relation to the project. The ITC secretariat pointed out that one would have to be prepared to train new staff whenever necessary.

20. Concerning the recruitment of national consultants (para. 42), the secretariat stated that UNDP country offices had always been involved in the selection of consultants and the negotiation of contractual terms. In addition, the use of UNDP offices for issuing contracts could be investigated as a means of simplifying procedures.

21. Some participants also noted the need for further streamlining ITC's internal procedures and for evidence that effective steps had been taken to reduce administrative costs internally before further funding could be expected from some donors.

22. The meeting endorsed all the consultants' recommendations with the following reservations or additional comments:

Recommendation (i)

In their recommendation to improve the organization and working methods of the Division of Product and Market Development (DPMD) and the Division of Technical Co-operation (DTC), the consultants took into account the ongoing review of the structure of ITC. *Ad hoc* interdivisional committees already existed and steps had been taken to harmonize the operations of the two divisions. Improved in-house co-ordination would remain a difficult issue. This matter would continue to receive attention at high management levels.

Recommendation (ii)

The secretariat confirmed that ITC's internal procedures would be further streamlined. However, the proposed reallocation of staff from administrative services to operational divisions might not be entirely possible in view of the steady growth of ITC's delivery and the fact that the staff were not fully interchangeable.

Recommendation (iii)

Due note was taken of the recommendation to seek an increase of financing for DPMD activities while ensuring optimum utilization of ITC resources in pursuing the Centre's overall programme priorities, irrespective of the organizational arrangements made to reach those objectives. Certain delegations expressed doubts that additional funds could be made available before evidence was provided of improved administrative procedures in the Centre.

Recommendation (iv)

The meeting endorsed the recommendation on the adoption of more precise terminology in project documents and of a standardized project format irrespective of the source of financing, provided flexibility could be maintained in designing projects for different purposes. The secretariat announced the impending creation of a project appraisal and clearance committee.

Recommendation (v)

The meeting stressed the need to take steps to facilitate the evaluation of projects in quantitative terms. Success criteria should also be established for ITC subprogrammes and programme elements. Future programme evaluations should specify results achieved in regard to these criteria.

Recommendation (vi)

The proposed increased allocation of resources to implementation and backstopping activities should not jeopardize programming tasks. The funds that were currently being made available by UNDP and some trust-fund donors were far from excessive in view of the intensive programme development work required to fulfil ITC's mandate. Due note was, however, taken of the recommendation to avoid project proliferation. The backstopping capacity at headquarters should be strengthened through the assignment of specialists with business experience, particularly in management. A list of constraints to project execution should be established.

Recommendation (x)

Whenever the provision of a post of CTA within a particular project was justified, resources should be made available to ensure that the CTA was supported by specialist consultants.

Recommendation (xii)

The meeting suggested that ITC should explore possibilities of following up enterprise-oriented projects by seeking further bilateral technical co-operation with individual enterprises under the aegis of import promotion offices in developed countries as well as export promotion organizations in developing countries.

Recommendation (xiii)

Efforts should also be made to obtain from donors a commitment to multi-year projects.

Recommendation (xviii)

ITC should investigate means of making better use of promotional institutions, sectoral agencies and professional associations in developing countries to disseminate publications. Rapid and selective dissemination should continue to be ensured, in as many languages as possible.

Refinement of the MTP priorities

23. The Executive Director introduced the *Interim Report on the Refinement of MTP Priorities* (ITC/TM(91)/CRP/1) and stated that the comments of the technical meeting would be incorporated into the final version of the report for submission to JAG at its twenty-fourth session. He emphasized that discussions at the technical meeting should be considered only as the beginning of a series of dialogues between the recipient countries, donors and ITC.

24. The meeting was in basic agreement at this stage with the priorities established in the Interim Report in two broad categories as programme priorities and global priorities. It constituted a commendable first effort on the part of ITC to provide a platform for future dialogue between the developing countries, trust fund donors and the secretariat. The meeting noted the reduction in the number of the subprogrammes from eight to four. The first three subprogrammes now largely conformed to a single set of criteria. It was, however, stressed that coherence and complementarity between the priorities of donor and recipient countries would encourage the support of recipient governments to projects, ensuring better results.

25. The meeting was of the view that as broad agreement had been reached on the basis for setting priorities as defined in the Interim Report, this might be used as a platform for continued dialogue between recipients, donors and the secretariat. The idea of making increased, more flexible and global contributions could then be pursued further by ITC's donors. Global contributions based on agreed priorities would enhance efficiency in the utilization of trust-fund resources and eliminate the time-consuming procedures involved in project-by-project decision making. Donor countries could also consider support for increased contributions to ITC's regular budget through the United Nations and GATT.

26. However, during the implementation of the MTP, ITC should continue its efforts to identify the areas in which it had comparative advantages and create centres of excellence. For this purpose, a profound analysis of ITC's role within the United Nations system with respect to trade development and promotion and in the light of the needs of developing countries would be most useful. Similarly, an assessment of areas of competence in which it had been successful in the past should enable it to be more focused and selective in its future operations.

27. With regard to the priorities described in the Interim Report, the meeting offered the following observations:

- ITC should continue in its efforts to refine its priorities during the implementation of the MTP and reflect this in its operations;

- Some flexibility would be needed in the application of the agreed priorities, particularly because of the uncertainties that inevitably arose from anticipating future developments;

- The priorities should not be considered a substitute for sound programme/project design, appraisal and selection;

- ITC should provide assistance not only to private sector enterprises but also to public sector enterprises; and

- As the export packaging programme element was directly product related, it should be transferred from Subprogramme 1 to Subprogramme 2.

28. The meeting was in broad agreement with the global priorities identified. However, the following observations were made:

- Trade promotion as a means of alleviating poverty, particularly in regard to rural-based export development and South-South trade, should be identified as a global priority;

- The global priorities should be conceived as themes cutting across all or most subprogrammes rather than as areas of activities in their own right;

- All ITC projects should be appraised to ascertain whether or to what extent the global priorities were relevant and had been taken into account in their design.

29. The following comments were also made during the meeting.

- Caution should be exercised in assessing the results of economic reform in many developing countries. Over-simplification which did not take into account conditions in individual countries should be avoided. Similarly, it should be realized that liberalization of imports, which was an ultimate trade objective for all developing countries, was not feasible in many of these countries, especially those in the low- and middle-income levels, under current conditions. Therefore, the shift in focus proposed in the Interim Report (para. 41) in Subprogramme 3 was inappropriate;

- ITC would be well advised to strengthen its capability for analysing and assessing the implications of international trade development issues for its programmes and activities;

- ITC should undertake research into such areas as market development only after utilizing material already available and without duplicating existing work;

- The sections of the Interim Report which described the international trade development environment should also take into account the rapid expansion in trade in services and the problems arising from the heavy debt burden and payment difficulties of many developing countries;

- As appropriate to the context, the terms "sustainable development" and "sustained development" should be used in the final version of the report; and

- By its mandate ITC had to be relevant to the technical co-operation needs of developing countries in trade promotion. However, in view of possible resource limitations and the need for selectivity, ITC might not be able to create the technical capacities required to respond effectively to all the needs of developing countries in all aspects of trade promotion.

30. The meeting agreed to make the following recommendations in connection with the refinement of the MTP priorities:

(a) The meeting in general welcomed the proposal of the Government of Sweden concerning the creation of a mechanism with a view to permitting continuous consultations among the recipient countries, donors and the secretariat, and recommended that JAG consider this proposal at its twenty-fourth session in April 1991; and

(b) The final version of the Report on the MTP priorities to be submitted to the twenty-fourth session of JAG should take into account the comments made by the technical meeting.